

## SENATE BILL No. 345

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-21-10.

**Synopsis:** Reversal of payment delays. Requires the reversal of part of the payment delays in the schedule under which: (1) property tax replacement credit and homestead credit amounts are distributed to taxing units; and (2) distributions to state educational institutions, the Indiana higher education telecommunications system (IHETS), school corporations, and charter schools are made. Permits additional distributions to eliminate the remainder of the accrued delayed payments. Repeals conflicting language. Makes an appropriation.

**Effective:** July 1, 2006; January 1, 2007.

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### Meeks

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January 10, 2006, read first time and referred to Committee on Appropriations.

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Introduced

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

## SENATE BILL No. 345

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-21-10 IS AMENDED TO READ AS  
2       FOLLOWS [EFFECTIVE JANUARY 1, 2007]: Sec. 10. (a) There is  
3       established a property tax replacement fund board to consist of the  
4       commissioner of the department, the commissioner of the department  
5       of local government finance, the director of the budget agency, and two  
6       (2) ex officio nonvoting representatives of the general assembly of the  
7       state of Indiana. The speaker of the house of representatives shall  
8       appoint one (1) member of the house as one (1) of the ex officio  
9       nonvoting representatives, and the president pro tempore of the senate  
10      shall appoint one (1) senator as the other ex officio nonvoting  
11      representative, each to serve at the will of the appointing officer. The  
12      commissioner of the department shall be the chairman of the board, and  
13      the director of the budget agency shall be the secretary of the board.  
14      (b) Except as provided in section 10.5 of this chapter, the schedule  
15      to be used in making distributions to county treasurers during the  
16      periods set forth in section 4(b) of this chapter is as follows:  
17                                      January                      0.00%

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1	February	0.00%
2	March	16.70%
3	April	<del>16.70%</del> <b>19.60%</b>
4	May	0.00%
5	June	0.00%
6	July	<del>16.60%</del> <b>13.70%</b>
7	August	0.00%
8	September	16.70%
9	October	16.70%
10	November	16.60%
11	December	0.00%

12 The board may authorize the department to distribute the estimated  
 13 distributions to counties earlier than what is required under section 4(b)  
 14 of this chapter.

15 (c) The board is also authorized to transfer funds from the property  
 16 tax replacement fund for the purpose of providing financial aid to  
 17 school corporations as provided in IC 21-3.

18 SECTION 2. P.L.246-2005, SECTION 245, IS REPEALED  
 19 [EFFECTIVE JANUARY 1, 2007].

20 SECTION 3. [EFFECTIVE JULY 1, 2006] (a) **The purpose of this**  
 21 **SECTION is to reduce accrued payment delay balances that were**  
 22 **created because of the amendment to IC 6-1.1-21-10 made by**  
 23 **P.L.192-2002(ss), SECTION 43, to move the May distribution to**  
 24 **July beginning with the May 2003 distribution and a continuation**  
 25 **of the practice of delayed payments in subsequent years.**

26 (b) **There is appropriated to the property tax replacement board**  
 27 **sixty-five million dollars (\$65,000,000) from the state general fund**  
 28 **and the property tax replacement fund, in the percentage**  
 29 **determined by the budget agency, for its use to distribute the**  
 30 **amount of the increase in the April 2007 distribution required**  
 31 **under IC 6-1.1-21-10, as amended by this act, beginning July 1,**  
 32 **2006, and ending June 30, 2007.**

33 (c) **In addition to the additional distribution required under**  
 34 **IC 6-1.1-21-10, as amended by this act, and subsection (a), after**  
 35 **December 31, 2006, and before July 1, 2007, the budget agency**  
 36 **may make one (1) or more supplemental early distributions of**  
 37 **property tax replacement credits and homestead credits under**  
 38 **IC 6-1.1-21 that may not exceed thirteen and seven-tenths percent**  
 39 **(13.7%) of the property tax replacement credit and homestead**  
 40 **credit payments that would otherwise be made under IC 6-1.1-21**  
 41 **in 2007. Distributions under this subsection:**

42 (1) **may be made in one (1) or more installments after**

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December 31, 2006, and before July 1, 2007, on the schedule determined by the budget agency; and  
(2) shall be separately allotted.

There is appropriated to the budget agency the amount needed from the state general fund and the property tax replacement fund, in the percentage determined by the budget agency, for its use to make the distributions permitted under this subsection.

(d) A distribution described in subsection (b) or (c) raises the maximum permissible distribution for property tax replacement credits and homestead credits that may be made in the state fiscal year beginning July 1, 2007, and ending June 30, 2008, by the amount of the distribution.

(e) A distribution described in subsection (b) or (c) shall be treated as a distribution under IC 6-1.1-21 for the calendar year in which the distribution is made. An early:

(1) additional distribution described in subsection (b) reduces the amount of the distribution that would otherwise have been made in July 2007 under IC 6-1.1-21-10, as effective before the amendment made by this act, by the amount of the additional distribution; and

(2) supplemental distribution described in subsection (c) reduces the amount of the distribution that would otherwise be made in July 2007 under IC 6-1.1-21-10, as amended by this act, by the amount of the supplemental distribution.

SECTION 4. [EFFECTIVE JULY 1, 2006] (a) The purpose of this SECTION is to reduce accrued payment delay balances to school corporations and charter schools that were created because of the distribution of eleven-twelfths (11/12) of the budgeted amount in the state fiscal year ending June 30, 2002, and a continuation of the practice of delayed payments in subsequent state fiscal years.

(b) The definitions in IC 20-18-2-16 and IC 20-24-1-4 apply throughout this SECTION.

(c) Notwithstanding P.L.246-2005, SECTION 9, the department of education shall increase one (1) or more distributions for tuition support made to school corporations and charter schools after December 31, 2006, and before July 1, 2007, by an amount that, in the aggregate, equals sixty-five million dollars (\$65,000,000). The distributions under this subsection:

(1) may be made in one (1) or more installments after December 31, 2006, and before July 1, 2007, on the schedule determined by the budget agency; and  
(2) shall be separately allotted.

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1 There is appropriated to the department of education sixty-five  
 2 million dollars (\$65,000,000) from the state general fund and the  
 3 property tax replacement fund, in the percentage determined by  
 4 the budget agency, for its use to make the early distribution of  
 5 tuition support required by this subsection, beginning July 1, 2006,  
 6 and ending June 30, 2007.

7 (d) In addition to the early distribution required under  
 8 subsection (c), after December 31, 2006, and before July 1, 2007,  
 9 the budget agency may make a supplemental early distribution of  
 10 tuition support to school corporations and charter schools that  
 11 does not exceed the remainder of the most recent accrued tuition  
 12 support payment delay balance, as determined by the budget  
 13 agency after subtracting the amount distributed as an early  
 14 distribution under subsection (c). Distributions under this  
 15 subsection:

16 (1) may be made in one (1) or more installments after  
 17 December 31, 2006, and before July 1, 2007, on the schedule  
 18 determined by the budget agency; and

19 (2) shall be separately allotted.

20 There is appropriated to the budget agency the amount needed  
 21 from the state general fund and the property tax replacement fund,  
 22 in the percentage determined by the budget agency, for its use to  
 23 make the distributions permitted under this subsection.

24 (e) The appropriations described in subsection (c) or (d)  
 25 supplement the appropriation made in P.L.246-2005, SECTION 9,  
 26 for the state fiscal year beginning July 1, 2006, and ending June 30,  
 27 2007.

28 (f) A distribution described in subsection (c) or (d) shall be  
 29 treated as a distribution subject to IC 21-3-1.7-9 for the calendar  
 30 year in which the distribution is made. An early distribution  
 31 described in subsection (c) or (d) reduces the amount of the  
 32 distributions for tuition support that would otherwise have been  
 33 made after June 30, 2007, and before January 1, 2008, to school  
 34 corporations and charter schools by the amount of the early  
 35 distribution.

36 SECTION 5. [EFFECTIVE JULY 1, 2006] (a) The purpose of this  
 37 SECTION is to reduce:

38 (1) accrued payment delay balances to state educational  
 39 institutions and IHETS that were created because of the  
 40 distribution of eleven-twelfths (11/12) of the budgeted amount  
 41 in the state fiscal year ending June 30, 2002, and a  
 42 continuation of the practice of delayed payments in

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subsequent state fiscal years through the state fiscal year ending June 30, 2005; and

(2) accrued general repair and rehabilitation appropriation balances that have not expired.

(b) The following definitions apply throughout this SECTION:

(1) "IHETS" refers to the Indiana Higher Education Telecommunications System.

(2) "State educational institution" has the meaning set forth in IC 20-12-0.5-1.

(c) There is appropriated to the budget agency twenty million dollars (\$20,000,000) from the state general fund for its use for general repair and rehabilitation of state educational institutions, beginning July 1, 2006, and ending June 30, 2007, as follows:

INDIANA UNIVERSITY - TOTAL SYSTEM	\$7,833,530
PURDUE UNIVERSITY - TOTAL SYSTEM	5,397,511
INDIANA STATE UNIVERSITY	1,199,840
UNIVERSITY OF SOUTHERN INDIANA	612,835
BALL STATE UNIVERSITY	2,038,531
VINCENNES UNIVERSITY	595,015
IVY TECH COMMUNITY COLLEGE OF INDIANA	<u>2,322,738</u>
	\$20,000,000

(d) Notwithstanding P.L.246-2005, SECTION 32, after review by the budget committee, the budget agency shall distribute to a state educational institution after June 30, 2006, and before July 1, 2007, the amount appropriated to the state educational institution under subsection (c). The distributions under subsection (c):

(1) may be made in one (1) or more installments after June 30, 2006, and before July 1, 2007, on the schedule determined by the budget agency; and

(2) shall be separately allotted.

(e) In addition to the distribution required under subsection (d), after June 30, 2006, and before July 1, 2007, the budget agency may make a supplemental distribution to a state educational institution that does not exceed the remainder of one-twelfth (1/12) of the amount budgeted for the state educational institution in all line items in HEA 1001-2003, SECTION 9, for the state fiscal year beginning July 1, 2004, and ending June 30, 2005, as determined by the budget agency, after subtracting the amount distributed under subsection (d) and any amount distributed under P.L.246-2005, SECTION 245. Distributions under this subsection:

(1) may be made in one (1) or more installments after

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December 31, 2006, and before July 1, 2007, on the schedule determined by the budget agency; and  
(2) shall be separately allotted.

There is appropriated to the budget agency the amount needed from the state general fund for its use to make the distributions permitted under this subsection. An amount distributed under this subsection may be used by a state educational institution only for general repair and rehabilitation.

(f) An appropriation under subsection (c) or (e) is in addition to the appropriations for general repair and rehabilitation made in P.L.246-2005, SECTION 32, or any other law. Notwithstanding any other law, an appropriation under subsection (c) or (e) does not revert to the general fund under IC 4-13-2-19.

(g) The amount appropriated under subsection (c) or (e), when distributed to a state educational institution, shall be treated as reducing any claim that the total system of the state educational institution has to one-twelfth (1/12) of the amount budgeted for the state educational institution in all line items in HEA 1001-2003, SECTION 9, for the state fiscal year ending June 30, 2005. Subject to subsection (h), the amount of the claim reduction for each institution is equal to the amount distributed to the state educational institution. The amount of the claim reduction for the entire system and the amount apportioned for each institution individually shall be computed by the budget agency. The budget agency makes the final determination.

(h) An amount appropriated under subsection (c) or (e), when distributed to Indiana University, shall be treated as reducing any claim that IHETS has to one-twelfth (1/12) of the amount budgeted for the IHETS in all line items in HEA 1001-2003, SECTION 9, for the state fiscal year ending June 30, 2005. The amount of the claim reduction is a part of the amount distributed to Indiana University-Total System apportioned as determined by the budget agency.

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